his literature he has emphasised the fact that secular India can't part with a single inch of Indian territory in favour of dispensation which is not completely secular, democratic and which has not a guaranteed judicially enforceable system of human rights and that we shall not talk even under the Simla Agreement unless the condition is that Kashmir will always be a kind of a State which is totally secular, which is complete with judicially enforceable system of human rights and democratic. Has he ever done it? I have read our literature. I find that our literature is woefully inadequate.

SHRI PRANAB MUKHERJEE: Mr. Chairman, Sir, in regard to the inadequacy of the literature, I would not like to enter into an argument. I myself said that it can be always improved. Any suggestion to improve the contents of the literature and its quality is always welcome. But regarding the limited question, which the hon. Member referred to in regard to the status of Pak-occupied Kashmir, *vis-a-vis* Jammu amd Kashmir, which is an integral part of India, we have adequately highlighted and we have also pointed out the situation prevailing there, the periodic elections through which people exercise their rights and the extraordinary situation which has been created as a result of the terrorist activities supported from the other side of the border and how the people of Pak-occupied Kashmir have been denied their basic right to exercise their franchise. They cannot exercise their franchise rights. These have been adequately projected in various literatures. If the hon. Member feels that it should be futher improved, surely, we are prepared to do that. But I think, the hon. Member who is a very eminent jurist will not ask me to make any comment beyond the Simla Agreement because we have taken a position that we are prepared to enter into a dialogue with Pakistan within the framework of the Simla Agreement.

MR. CHAIRMAN: Q. No. 583.

Pricing mechanism in respect of Petroleum Project

*583. SHRI SATCHIDANANDA: SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Strategic Planning Group on Restructuring the National Oil Indusutry formed by Government has submitted its report regarding phasing out the Administered Pricing Mechanism (APM) in respect of various items in the petroleum sector; and

(b) if so, what are the pahse-wise details of the scheme evolved, if any, for phasing out the APM, especially in respect of petrol, HSD, superior kerosene and LPG?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (CAPT. SATISH SHARMA) (a) and (b) A 'Strategic Planning Group' on restructuring the National Oil Industry, with members comprising of top management from public and private sector and leading experts from academic and reserach institutes, has been formed. The group has not yet submitted its Report.

SHRI SATCHIDANANDA: Mr. Chairman, Sir, the answer to my question is not very clear. Under the present administered prices mechanism, the prices of petroleum products of common consumption like HSD are affecting mainly farmers, villagers and other weaker sections of the society. Kerosene is being sold at heavily subsidised rate at the cost of high price of petrol. But this highly subsidised consumption pattern leads to severe distortion in the economy so much so that the rest of the growth is diesel consumption in six times more than that of petrol. In the case of kerosen, the leakage of commodity from the PDS to

†The Question was actually asked in the floor of the House by Shri Satchidananda.

the open market is very high. May I know from the hon. Minister what steps are contemplated by the Government to rationalise the system? I would like to know whether he proposes to usher in a free pricing system in an indirect way by opting for a dual market structure by in kerosene as in the case of LPG, and, if so, the details thereof?

CAPT. SATISH SHARMA: Sir, from around 1976 till today, we have had this Administered Pricing Mechanism through which we have, as the hon. Member has metioned, on the one hand, items like LPG and diesel which are subsidised and on the other, cross-subsidisation by keeping the prices of some other products like motor spirits and all rather high. This is how this system has worked. It has worked very well all these years. The report from the Strategic Research Group, as I just mentioned, has not been received. But the initial recommendations-not a report—which have come clearly indicate, as the hon. Member has mentioned, that we must now move from the Administered Pricing Mechanism to a market-driven price structure so that the prices are rationalised by that.

MR. CHAIRMAN: Second supplementary.

SHRI SATCHIDANANDA: Sir, as for the rates of the Administered Pricing Mechanism for petroleum products, including natural gas and LPG, wherever supplies from the natural gas pipeline network is available, the industry is getting natural gas fuel at much lower rates compared to the LPG supplies to industry in other areas where natural gas network suplies are not available. The industries in the North, West and even the East, where natural gas is available for consumption as fuel, get their fuel supplies at much lower rates than compared to the LPG-fed industry in the South. This obviously places the industries based on LPG, like the ceramic tiles industry, in the South at a disadvantage compared to the others in the North and elsewhere receiving natural gas as of now. May I know, Sir, whether the Government would subsidies the LPG gas supplies to the industries in the South where natural gas is not yet available, to put these industries on an even keel with those in the North and elsewhere?

CAPT. SATISH SHARMA: Sir, there are two parts in the question the hon. Member has put. I agree with him that in the case of the ceramic tiles manufacturers in the South, because they have to bank on the LPG as the fuel which is available there, as compared to, let us say, Gujarat and some other places, where the ceramic tiles manufacturers are getting natural gas which is available at a cheaper rate, surely, there is a disadvantage. There is a disadvantage to the ceramic tiles manufacturers in the South, in Karnataka and around. That is why we have these Oman gas and Iran gas projects to bring natural gas to the Southern States as soon as possible. I am glad to inform the House that reports ae received from the Oman gas group, the group which is doing the feasibility work, that the work is going on as per the scedule and we are hopeful that this gas will be available for the Southern Gas Grid as per the schedule which we have mentioned earlier.

SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE: Sir, what are the terms of reference to the Committee, this Strategic Planning Group? Is the point raised by Shri Satchidananda, provision of gas to the Southern States, in the terms of reference? If it is so, will the Marathwada and the Western Maharashtra spot be covered or not?

CAPT. SATISH SHARMA: Sir, the terms of reference of this 'R' Group, as it is called, are to assess the emerging global oil and gas scene, trends in exploration and production, refining capacity, pattern of demand for products and crude oil, movement of international prices, development of alternate fuels and evolving of new technology and R & D, and also to assess the role of oil and natural gas on long-term basis in meeting

the commercial energy requirement of the increasingly globalised Indian economy. Besides that, they also include identifying the role of the Government and the market for restructuring and developing a self-reliant and a robust Indian oil industry, which is internationally competitive and capable of global presence and finally to analyse the strength and the weakness of the Indian oil industry and develop a strategic action plan for reform keeping in focus the ecology and strategic objective to provide the national economy the energy security.

SHRI DINESHBAHI TRIVEDI: Sir, I am sure, the entire House and the hon. Minister will agree with me that the oil policy of the country is one of the most important policies because our entire economy and our entire financial management really depend on that policy. Sir, I am confused because the hon. Minister's answer is at variance. On the one side, he says the oil policy has been working very satisfactorily so far. So, my first question is: Where is the need for it? What is the force behind it? Are you under pressure from any foreign agency to change this policy? Why have you set up this strategic group? When is it supposed to give you the report? Even after getting the reports it has been seen, Sir—I will conclude in one minute—that they do not follow the restructuing policies.

Sir, under the OIDB Act, which was enacted by this hon. House in 1974, the oil industry was supposed to get the cess amount collected by the Finance Ministry for development of the oil industry. I would like to know from the hon. Minister if he is aware that in the last two decades the Government has collected cess to the tune of Rs. 20,000 crores, which should have been given to the OIDB. But till date the OIDB has only received Rs. 900 crores. If this is true, I would like to know from the hon. Minister what he has done about it.

CAPT. SATISH SHARMA: Sir, as I mentioned earlier, the administrative price mechanism, which has been in place since 1976, has worked satisfactorily so far. It was only in 1989 that we felt that for a variety of reasons there was a deficit in the oil pool account. In the changing scenario, as we see it at present, when there is private investment coming in the refinery sector, more exploration efforts have to be put in to find new oil and gas. The result, as far as the reserve acquisition is concerned, has not bee satisfactory at all. We have a big challenge ahead. We are expecting the two national companies, which are responsible for finding oil and gas, to be in the upstream. They need more money. Through the present system of administrative price mechanism they only get 15% post-tax return which is not sufficient at all. The oil pool account, which is to compensate them, does not have the money. It is a very serious problem. The refineries, which are coming up in the private sector, will not find this economically viable. New investors will not come unless they find that there is also a possibility of getting into the downstream marketing opportunities to make it an economically viable project.

As regards the other aspect of the question regarding OIDB, I totally agree with the hon. Member. I am gald that the hon. Member has mentioned this issue. Personally, I am also not happy with the situation. I have spoken to my colleague, the hon. Finance Minister, and am still pursuing the matter. To find new oil and gas in India, considering the kind of money which is required and the kind of exploration effort which is required, we cannot do with what we have. I tried to get the budgetary support for exploration. But I did not succeed. So, finally our companies are generating money from within, through privatisation, internal generation to raise two billion dollars. It is also not enough. As you are aware, the ninth round is a joint venture round. The whole strategy there is that two billion dollars should become five billion dollars. Our companies are putting in up front equity upto 40 per cent. The rest

we are trying to get from other international investors, international companies to make five billion dollars under the three-year programme for finding new oil and gas within the country and outside. But even that is not enough. You see the rate of growth which is taking place right now. Why do we require more? The hon. Member has asked...

MR. CHAIRMAN: Mr. Minister, you may conclude now.

CAPT. SATISH SHARMA: I am concluding, Sir. the hon. Member was right when he asked why the APM should be changed to free market economny. the reason is much more is required from the OIDB, from the companies themselves. What should they generate? Through the present system they are not able to generate. There are limitations. That is why this whole thing needs to be changed *(Interruptions)*

SHRI DINESHBHAI TRIVEDI: Sir, I seek your protection. The hon. Minister has said that the Oil Pool does not have money. But Rs. 20,000 crores are lying there. It is the public money. What are they doing about it? It will amount to a national fraud. Sir, they are collecting money from the common man but they are not giving it to the oil industry. The entire economy of the country is dependent on it. Sir, I seek your protection.

MR. CHAIRMAN: Would the Minister say anything on that? That is the main question.

CAPT. SATISH SHARMA: Sir, my understanding is that the OIDB money, which has been collected, is not only for petroleum. It is for mines and other...*(Interruptions)*

SHRI V. NARAYANASAMY: Sir, the Standing Committee has also made a recommendation.

CAPT. SATISH SHARMA: Besides petroleum, it is for some other purposes...*(Interruptions)*

SHRI DINESHBHAI TRIVEDI: This money is for balancing the deficit budget. *(Interruptions)*

CAPT. SATISH SHARMA: Sir, as per the OIDB Act, this money goes to the Consolidated Fund of India. Every year Parliament has to appropriate the fund which goes to the Petroleum Ministry. I will be grateful to this august House when I come next time ...*(Interruptions)*

SHRI DINESHBHAI TRIVEDI: The Government has to come with an appropriate Bill. *(Interruptions)*

SHRI V. NARAYANASAMY: Sir, the Standing Committee has made a recommendation. It has said that the fund that has been put in the Oil Pool can be ploughed back into the oil industry for the purpose of developing the exploration work and also for developing the oil sector. This recommendation has been made by the Standing Committee on Petroleum and Chemicals. The Minister has to utilise it. *(Interruptions)*

SHRI JAGESH DESAI: Mr. Minister, please take advantage of it and move into the matter.

CAPT. SATISH SHARMA: Sir, I have already mentioned what the hon. Member has just said about the recommendation of the Standing Committee. I am also pursuing this matter with the Government to get additional allocation.

श्री जगदीश प्रसाद माथुरः कुछ तो मेरे साथी ने जवाब दे दिया है...(व्यवधान)... नारायणसामी जब पूछ रहे थे। अगर आप इजाजत देते हैं तो अगला क्वेश्चन भी इसी का है उस पर भी पूछ लूं।

MR. CHAIRMAN: Then you ask the next time.

श्री जगदीश प्रसाद माथुरः यह बात सच है कि ओ॰ एन॰ जी॰ सी॰ का जो सेस है वह जमा किया जाता है और दैट इज ट्रांसफर्ड टु द गवर्नमेंट और फाइनेंस मिनिस्ट्री उसको एलोकेट करती है। कमेटी ने भी यह रिकमेंड किया है कि उसका पूरा पैसा इस्तेमाल किया जाए। लेकिन साथ ही में आपने जो फारेन इन्वेस्टर्स हैं उनको सेस से बरी किया है। इसमें इंडियन आयल भी है, ओ॰ एन॰ जी॰ सी॰ भी है। जब ये पार्टनर्स हैं तो

आपने इन कम्पनियों को सेस देने से बरी क्यों किया है? यह बरी जो आपने किया है, क्या पूरे समय के लिए है या कुछ लिमिट के लिए किया है? मेरा अंदाजा यह होगा अगर सेस से बरी कर रहे हैं तो एक्सप्लोरेशन के बाद जब प्रोडक्शन शुरू करते हैं तो कम से कम एक लिमिट होनी चाहिए, व्हाई फार द अनलिमिटेड पीरियड?

CAPT. SATISH SHARMA: Sir, I believe what is more important is this: Our national oil companies, the ONGC and the Oil India get a price which is less than the international price for the crude oil that they produce. The Standing Committee of Parliament has also recommeded that the oil India and the ONGC should be paid international prices for the crude oil they produce. It should be on a a par with other private companies which are going to enter into joint ventures here. The ONGC and Oil should also get international prices so that they have the capacity to generate additional resources and invest in exploration work. The biggest challenge is the accretion of reserves and these companies need help. This is possible. The Standing Committee has also recommended it...*(Interruptions)*...

MR. CHAIRMAN: Mr. Mathur raised another point.

SHRI JAGDISH PRASAD MATHUR: My question was regading cess...*(Interruptions)*...

CAPT. SATISH SHARMA: The thing is that we have to, after all, see who is paying for this. Whether it is a cess or a tax or whatever you may call it, it is the consumer who is paying for it...*(Interruptions)*... The whole exercise, as I mentioned earlier, the restructuring group on prices...*(Interruptions)*... मैं समझ गया माथुर साहब, आप जो कह रहे हैं कि सैस क्यों नहीं लगे, मैं कह रहा हूं कि यह जो इस वक्त प्राइसिंग का मामला है जो मैंने पहले कहा है कि यह जो री-स्ट्रक्चरिंग ग्रुप है, वह इसको स्टडी कर रहा है। इसकी रिपोर्ट आने वाली है। इसमें जो आप कह रहे हैं वह भी है। डेरेक्ट जो मामला है और प्राइसिंग का जो मामला है इस वक्त स्टडी हो रहा है और इसकी रिपोर्ट नहीं आई है। जो आपका सुझाव है वह भी मैं रख लूंगा।

श्री जगदीश प्रसाद माथुर: महोदय, जो आंकड़े विदेशियों के साथ वेंचर्स किए हैं उस पर आपने सैस नहीं लगाया है। यह कह दिया है। लिहाजा यह सैस न लगाना कब तक के लिए है? क्या यह हमेशा के लिए है या कुछ पीरियड के लिए है, आखिर जो विदेशियों के साथ मिल करके काम होगा?

श्री जनार्दन यादव: मंत्री जी, उत्तर प्रदेश और बिहार में डीज़ल, पेट्रोल और कैरोसिन राशन पर नहीं मिल रहा है, इसके लिए आप क्या कर रहे हैं?

MR. CHAIRMAN: Has the Minister got an answer for this?

CAPT. SATISH SHARMA: I don't mind answering this question.

MR. CHAIRMAN: The question is about cess...*(Interruptions)*...If you have an answer, give it.

CAPT. SATISH SHARMA: I have said that the restructuring group is studying it. I have heard his suggestions and I will...*(Interruptions)*...

SHRI GURUDAS DAS GUPTA: He is talking of suggestions...*(Interruptions)*...

CAPT. SATISH SHARMA: On the cess, I shall get information and...*(Interruptions)*... then give a reply...*(Interruptions)*...

SHRI GURUDAS DAS GUPTA: He must answer it...*(Interruptions)*...The hon. Minister must answer the question...*(Interruptions)*...

SHRI V. NARAYANASAMY: administered prices are different. They cannot ask the Government..*(Interruptions)*...

SHRI GURUDAS DAS GUPTA: He must answer it. It is a simple question.

MR. CHAIRMAN: Is there a policy on cess as regards foreign companies?

CAPT. SATISH SHARMA: No, Sir, We have no policy on foreign companies levying any cess...*(Interruptions)*... The whole idea is to get more and more foreign companies to come and invest in the country. That is the whole strategy.

We want to give them the best that is possible. We want our terms to be attractive enough so that investors come here...*(Interruptions)*...

SHRI JAGDISH PRASAD MATHUR: He says that there is no policy. But in the written reply to the next question, he has said that there is a policy...*(Interruptions)*...

SHRI GURUDAS DAS GUPTA: Mr. Chairman, will you direct the hon. Minister to reply?...*(Interruptions)*...Will you ask the hon. Minister to clearly state the poisition of the Government? He cannot say that there is no policy. If there is a Government, there should be a policy. If there is no Government, there cannot be a policy. He must tell us about his intentions. He must tell us what he would like to do and what he would not like to do. How can he say that there is no policy?

CAPT. SATISH SHARMA: Sir, I have clearly said that our strategy is to make it attractive for the foreign companies to come and invest in India. We have competition all around us, whether it is China or the United States or Vietnam. All these countries are competing in the same industry. Therefore, we are trying to make investments from the foreign companies to be attractive and to be competitive. That is our policy.

SHRI GURUDAS DAS GUPTA: you will do it at the national cost. Mr. Chairman, he is saying a very dangerous thing. The hon. Minister does not understand the implications. He is only saying that in order to make foreign investment lucrative, they are going to do away with all the regulations and they are going to exempt them from the cess. It is a very serious thing. It is an absurd situation. It is an absurd situation. Kindly protect our rights. He cannot say like that.

SHRI SURESH KALMADI: It is not Zero Hour...*(Interruptions)*...

MR. CHAIRMAN: Let us give a chance to the Minister.

CAPT. SATISH SHARMA: Sir, let me clarify the matter. The whole strategy has been to get foreign investments in exploration area. The first round of discovered fields were given only because no exploration capital was coming to India. The first round, the second round, the third round and the fourth round were failures. That is why we started the whole programme of discovered fields...*(Interruptions)*...The terms pricing or royalty or...*(Interruptions)*...The reason for this was because the countries around us were having similar policies. But we were not able to get the exploration capital here.

SHRI TRILOKI NATH CHATURVEDI: At least now, the Minister can tell us his policy...*(Interruptions)*...

MR. CHAIRMAN: The next question is also related to this. Now, Question No. 584-Shri Ajit Jogi. He is not present.

*584. [The Questioner (Shri Ajit P.K. Jogi) was absent. for answer *vide col.....infra.]*

MR. CHAIRMAN: Question No. 585.-Shri V. Hanumantha Rao. He is also absent.

*585. *[The Questioner (Shri V. Hanumantha Rao.) was absent. For answer vide col.....infra.]*

MR. CHAIRMAN: Question No. 586.-Shri G.G. Swell. He is not present. Shri Chimanbhai Mehta.

Gas Supply through Oman Gas Pipeline

*586. SHRI G.G. SWELL:
SHRI CHIMANBHAI MEHTA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that two billion cubic feet gas supply through sub-sea gas pipeline is not feasible;

(b) if so, what is the factual position as on date;

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*The Question was actually asked on the floor of the House by Shri Chemanbhai Mehta.